
Wayne State University

Ryan White Part D Program

For the Period October 1, 2017 – August 31, 2018

Audit Report – January 2020

State of Michigan
Department of Health and Human Services
Bureau of Audit
Audit Division





STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ROBERT GORDON
DIRECTOR

January 10, 2020

Ms. LaShonda Cooley, Senior Director
Wayne State University
5057 Woodward, 13th Floor, Suite 13001
Detroit, Michigan 48202

Dear Ms. Cooley:

This is our audit report of the Human Immunodeficiency Virus (HIV) and Ryan White Part D programs administered by Wayne State University for the audit period October 1, 2017 through August 31, 2018.

The Michigan Department of Health and Human Services (MDHHS) is committed to ensuring high standards of integrity and accountability for public funds. To that end, we periodically perform audits to assess the agency's compliance with fiscal reporting and other requirements contained in MDHHS agreements and requirements, and Federal regulations.

The report includes the Executive Summary, Exceptions, Recommendations, Corrective Actions, Statements of Audited Grant Revenues and Expenses, Federal and State Grant Award Information, and Scope and Methodology.

As noted in Exception 2, a total of \$2,000 is due to MDHHS. Please remit a check, payable to the State of Michigan, to the following address by **February 7, 2020**:

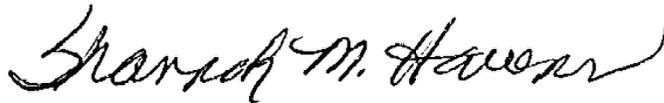
Michigan Department of Health and Human Services
Cash Receipting
PO Box 30437
Lansing, Michigan 48933

Ms. LaShonda Cooley, Senior Director
Wayne State University
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Final reports are posted for public viewing on the [MDHHS website](#).

I would like to extend my appreciation for the cooperation extended throughout the audit process.

Sincerely,



Shannah M. Havens, CPA, MBA
Audit Section Manager
Public Health and Community Services Programs Section
Audit Division

c: Debra Hallenbeck, MDHHS, Audit
Cole T. Blades, MDHHS, Audit
Matthew Tompkins, MDHHS, Audit
Katie Macomber, MDHHS, HIV and STD Programs
Thomas Dunn, MDHHS, HIV and STD Programs
Dawn Lukomski, MDHHS, HIV and STD Programs
Shawna Brown, MDHHS, HIV and STD Programs
Rebecca Jones, MDHHS, Accounting
Mary McGrath, MDHHS, Accounting
Kidada Smith, MDHHS, Accounting
Dr. John Cohn, Wayne State University
Kamilla Williams, Wayne State University

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EXECUTIVE SUMMARY

Below is a summary of exceptions and Wayne State University’s corrective action plan.

Exception 1 Page 3	Insufficient Financial Management System to Track and Report Program Income
Criteria	HAB Policy Clarification Notice #15-03
Amount to be Returned	\$-0-
Corrective Action	The University will track program income by patient for each clinic and report the income earned and expended for each quarter on the FSR to MDHHS.
Completion Date	January 30, 2020
Person Responsible	Jonathan Cohn, MD, PI Lamontre Harris, HIV/STD Program Manager Ryan White Finance Manager (TBD – currently vacant)

Exception 2 Page 4	Insufficient Controls Over Program Incentives
Criteria	HAB Policy Clarification Notice #10-02
Amount to be Returned	\$2,000
Corrective Action	The University has updated its incentive policies in compliance with Federal and MDHHS Program policies. The University has shared the updated policies with all of the clinics and will implement in the next quarter.
Completion Date	April 1, 2020
Person Responsible	Salome Cockern, Manager, Horizons Evelyn Postell-Franklin, Manager, Sinai-Grace Specialty Center Lamontre Harris, WSU HIV Program Manager

Exception 3 Page 6	Insufficient Documentation to Support Client Eligibility
Criteria	MDHHS Ryan White Program Guidance #14-01
Amount to be Returned	\$-0-
Corrective Action	The University will continue to work with MDHHS and across all clinics to update its eligibility procedures to ensure compliance with MDHHS Ryan White Program Guidance #14-01.
Completion Date	July 1, 2020

Person Responsible	Lamontre Harris, WSU HIV Program Manager Brian McClatchey, Tolan Park Clinic Salome Cockern, Manager, Horizons Project Jill Meade, Project Challenge Evelyn Postell-Franklin, Manager, Sinai-Grace Specialty Center
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Exception 1 Insufficient Financial Management System to Track and Report Program Income

Condition

The University did not implement a sufficient financial management system to properly track, report, and ensure that RWHAP Part D generated income was properly reinvested back into the program, and did not properly expend the RWHAP Part D income prior to drawing additional RWHAP Part D Federal funds.

Criteria

The MDHHS Grant Agreement, Part II, Section III. A. Compliance with Applicable Laws states, "The Grantee will comply with applicable federal and state laws, guidelines, rules and regulations in carrying out the terms of this agreement..." Also, Part II, Section IV. B. Reimbursement Method regarding Staffing Grant Reimbursement states, "Reimbursement for the Grantee will be based on the understanding that Department funds will be paid up to the total Department allocation as agreed to in the approved budget. The department funds are first source after the application of fees and earmarked sources unless a specific local match condition exists."

Additionally, the Health Resources and Services Administration (HRSA) HIV/AIDS Bureau (HAB) Policy Clarification Notice (PCN) #15-03 defines program income as, "...gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance..." PCN #15-03 also states that HAB has determined that for RWHAP subrecipients, the use of program income will be "additive." Under the "additive" alternative, program income must be used for the purposes for which the award was made, and may only be used for allowable costs under the award. For RWHAP Part D, allowable costs are limited to family-centered care involving outpatient and ambulatory care, support services, clinical quality management, and administrative expenses for low-income women, infants, children, and youth affected by or living with HIV. PCN #15-03 further states that under the uniform administrative requirements, to the extent available, subrecipients must disburse funds available from program income before requesting additional cash payments, and subrecipients should strive to proactively secure and estimate the extent to which program income will be accrued. This should be done to effectively determine the need for RWHAP funds and their allocation and utilization during the current period of performance.

Lastly, according to the Frequently Asked Questions for PCNs 15-03 and 15-04 presented by HRSA's HAB, the source and use of program income must be tracked and reported separately. Subrecipients should adhere to their written accounting procedures that must be compliant with 45 CFR 75.302(b). In particular, subrecipient financial management systems must provide for the following: ...records that adequately identify the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and must be supported by source documentation.

Exception

During our review, we noted that the University had developed a methodology to allocate RWHAP Part D revenue by patient encounters and report the program income to MDHHS, but this was not implemented. Additionally, the program income was not tracked separately. Also, we noted that the University does not have a process in place to invest the income back into RWHAP Part D and ensure that the income is spent only on allowable Program costs. We also noted that the University does not have a process in place to ensure that the income is expended prior to requesting additional Federal funding.

Recommendation

We recommend that the University implement a sufficient financial management system to properly track, report, and ensure that RWHAP Part D generated income is properly reinvested back into the program. We also recommend that the University properly expend the RWHAP Part D income prior to drawing additional RWHAP Part D Federal funds to ensure compliance with the MDHHS Grant and Federal guidelines. We further recommend that the University amend its FYE 2018 and FYE 2019 Financial Status Reports (FSRs) to include all earned RWHAP Part D income as a funding source. In addition, we recommend that the University include planned RWHAP Part D income as a funding source in all budgets and report all earned RWHAP Part D income on all FSRs for FYE 2020 forward to ensure that all program income is added back into the RWHAP Part D Program.

Agency Response and Corrective Action Plan

On December 9, 2019, the University met with MDHHS Program staff to discuss the process for tracking and reporting program income for RWHAP Part D. The University will track program income by patient for each clinic and report the income earned and expended for each quarter on the FSR to MDHHS.

Completion Date

January 30, 2020

Responsible Individual(s)

Jonathan Cohn, MD, PI
Lamontre Harris, HIV/STD Program Manager
Ryan White Finance Manager (TBD – currently vacant)

Exception 2
Insufficient Controls Over Program Incentives

Condition

The University did not have sufficient controls over its RWHAP Part D prepaid cards for client incentives.

Criteria

The MDHHS Grant Agreement, Part II, Section III. A. Compliance with Applicable Laws states, "The Grantee will comply with applicable federal and state laws, guidelines, rules and regulations in carrying out the terms of this agreement..." HRSA's HAB PCN #16-02 states, "RWHAP funds may not be used to make cash payments to intended clients of RWHAP-funded services. This prohibition includes cash incentives and cash intended as payment for RWHAP core medical and support services. Where direct provision of the service is not possible or effective, store gift cards, vouchers, coupons, or tickets that can be exchanged for a specific service or commodity (e.g., food or transportation) must be used." Also, the MDHHS Ryan White Program Guidance #14-03 Incentives states the following:

- (1) Subrecipients must have a written policy for providing incentives to project participants.
- (2) Subrecipients must have written procedures for implementing the policy on incentives to project participants.
- (3) Subrecipients must maintain appropriate documentation for each participant gift card.

Exception

During our review of a \$2,000 Target gift card expenditure, we noted that the University did not have sufficient controls over its program incentives. We noted that the University did not obtain clients' signatures for any of the gift cards distributed in FY 2018, did not provide a tracking log with the number of incentives and cumulative totals distributed to each client during FY 2018, and could not provide any documentation to support that RWHAP Part D clients actually received the gift cards. As a result, we determined that the \$2,000 incentive expense is an unallowable cost. Consequently, \$2,000 of RWHAP Part D Grant funds must be returned. Adjustments were made on the attached Statement of Audited Grant Revenues and Expenditures.

Recommendation

We recommend that the University implement sufficient controls and procedures over its RWHAP Part D incentives to ensure compliance with Federal and MDHHS Program policies.

Agency Response and Corrective Action Plan

The University has had written policies and procedures in place regarding gift card incentives for several years, which includes internal reviews and approvals for gift card purchases. This policy was provided to the auditors at the time of the review. The policies and procedures were also shared with all of the clinics to further promote ongoing compliance. The clinics will continue to follow University policies and procedures for gift card incentives and will retain appropriate supporting documentation for each participant gift card. Clinics will ensure implementation in the next quarter.

Completion Date

April 1, 2020

Responsible Individual(s)

Salome Cockern, Manager, Horizons
Evelyn Postell-Franklin, Manager, Sinai-Grace Specialty Center
Lamontre Harris, WSU HIV Program Manager

**Exception 3
Insufficient Documentation to Support Client Eligibility**

Condition

The University did not obtain sufficient documentation to support its clients' eligibility for RWHAP Part D services.

Criteria

MDHHS Ryan White Program Guidance #14-01, Eligibility and Recertification states that MDHHS Ryan White funded subrecipients must collect documentation to support each individuals' HIV status, residency, income, and insurance status. Each Ryan White subrecipient must complete recertification of eligibility for individuals at a minimum of every six months. The eligibility documentation must be included in the clients' health records to support each individuals' eligibility.

Exception

During our review we noted the University did not document acceptable proofs of income documentation to support 16 (64%) of 25 clients' eligibility status.

Recommendation

We recommend that the University implement sufficient procedures to make certain that all eligibility documentation is obtained and included in the clients' health records to ensure compliance with MDHHS Ryan White Program Guidance #14-01.

Agency Response and Corrective Action Plan

The University will continue to work with MDHHS and across all clinics to update its eligibility procedures to ensure compliance with MDHHS Ryan White Program Guidance #14-01.

Completion Date

July 1, 2020

Responsible Individual(s)

Lamontre Harris, WSU HIV Program Manager
Brian McClatchey, Tolan Park Clinic
Salome Cockern, Manager, Horizons Project
Jill Meade, Project Challenge
Evelyn Postell-Franklin, Manager, Sinai-Grace Specialty Center

Wayne State University Ryan White Part D Statement of Audited Grant Revenues and Expenses 10/01/2017 - 08/31/2018					
	BUDGETED	REPORTED	AUDITED	AUDIT ADJUSTMENT	EXCEPTION REFERENCE
REVENUES					
MDHHS Grant	\$ 1,145,791	\$ 875,160	\$ 873,160	\$ (2,000)	2
Fees and Collections - 1st and 2nd Party	\$ -	\$ -	\$ -	\$ -	
Fees and Collections - 3rd Party	\$ -	\$ -	\$ -	\$ -	
Federal Cost Based Reimbursement	\$ -	\$ -	\$ -	\$ -	
Local Funds - Other	\$ -	\$ -	\$ -	\$ -	
Total Revenues	\$ 1,145,791	\$ 875,160	\$ 873,160	\$ (2,000)	
EXPENSES					
Salaries and Wages	\$ 735,175	\$ 609,434	\$ 609,434	\$ -	
Fringe Benefits	\$ 222,162	\$ 156,196	\$ 156,196	\$ -	
Travel	\$ 12,605	\$ 71	\$ 71	\$ -	
Supplies and Materials	\$ 13,550	\$ 4,692	\$ 4,692	\$ -	
Contractual	\$ 48,178	\$ 17,993	\$ 17,993	\$ -	
Equipment	\$ -	\$ -	\$ -	\$ -	
Other	\$ 9,958	\$ 7,214	\$ 5,214	\$ (2,000)	2
Indirect Costs	\$ 104,163	\$ 79,560	\$ 79,560	\$ -	
Total Expenses	\$ 1,145,791	\$ 875,160	\$ 873,160	\$ (2,000)	
<p>Exception 2: Insufficient Controls Over Program Incentives</p>					

FEDERAL AND STATE GRANT AWARD INFORMATION

Program Title	Ryan White HIV/AIDS Program Part D
Federal Agency	U.S. Department of Health and Human Services
Federal Sub-Tier	Health Resources and Services Administration
Federal Program Title	HIV Care Formula Grants
CFDA Number	93.913
MDHHS Agreement No.	E20182596
MDHHS Agreement Period	10/01/2017 – 09/30/2018
Exception(s) Related to Program	1, 2, 3
Amount to be Returned	\$2,000
Exception for Return Amount	2
See the Statement of Audited Grant Revenues and Expenses for line item adjustment details for exceptions.	

SCOPE AND METHODOLOGY

We examined the University's records and activities for the fiscal period October 1, 2017, through August 31, 2018. Our review procedures included the following:

- Reviewed the most recent University Single Audit and Financial Statement Audit reports for any related Program concerns.
- Reviewed the completed Subrecipient Questionnaire.
- Reconciled the Ryan White Part D Program Financial Status Report (FSR) to the accounting records.
- Reviewed a sample of payroll expenditures.
- Tested a sample of expenditures for program compliance and adherence to policy and approval procedures.
- Reviewed indirect cost and other cost allocations for reasonableness, and an equitable methodology.
- Reviewed Ryan White Part D Program billing and collection of fees, and collection of donations.

Our audit did not include a review of program content or quality of services provided.

GLOSSARY OF ABBREVIATIONS AND TERMS

AIDS	Acquired Immunodeficiency Syndrome
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
FSR	Financial Status Report
HAB	HIV/AIDS Bureau
HIV	Human Immunodeficiency Virus
HRSA	Health Resources and Services Administration
MDHHS	Michigan Department of Health and Human Services
PCN	Policy Clarification Notice
RWHAP	Ryan White HIV/AIDS Program